

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 AID-20 AGR-20 XMB-07 NSC-07 L-03

IGA-02 CIAE-00 INR-11 NSAE-00 RSC-01 COME-00 OPIC-12

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R 201050Z AUG 74

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 8380

C O N F I D E N T I A L RANGOON 2330

E.O. 11652: GDS

TAGS: EGEN EAID BM

SUBJECT: ECONOMIC ASSISTANCE TO BURMA

REF: STATE 181158

1. IN MEETING AUGUST 19 I CONVEYED CONTENTS REFTEL TO DEPUTY PRIME MINISTER U LWIN. HE HAD BEGUN BY MAKING IT EMBARRASSINGLY OBVIOUS THAT HE HAD BEEN LED TO BELIEVE (BY AMBASSADOR LWIN) THAT U.S. ASSISTANCE WAS ASSURED AND THAT ONLY SUCH DETAILS REMAINED TO BE SETTLED AS WHETHER TO SIGN THE AGREEMENT IN WASHINGTON OR RANGOON. NEVERTHELESS, HE RECEIVED WORD OF OUR INABILITY TO HELP CALMLY.

2. DEPRIMIN EXPRESSED TENTATIVE INTEREST IN POSSIBILITY OF EXIMBANK CREDITS, MENTIONING ADDITIONAL ONSHORE OIL DRILLING EQUIPMENT AND MINING EQUIPMENT AS POSSIBLE ITEMS FOR EXIMBANK FINANCING. WE SHALL EXPLORE SUBJECT FURTHER WITH GUB OFFICIALS BEFORE DELEGATION LEAVES FOR WASHINGTON, STRESSING THAT ANY PROPOSALS TO EXIMBANK SHOULD BE MODEST IN SIZE AND EXPORT-ORIENTED.

3. U LWIN TURNED TO SUBJECT OF PRIVATE FOREIGN PARTICIPATION IN DEVELOPMENT OF EXPORT-ORIENTED ENTERPRISES ALONG LINES OF OFFSHORE OIL PROFIT-SHARING CONTRACTS. HE AVOIDED ANY EXPLICIT STATEMENT
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THAT THIS POLICY HAS BEEN DEFINITELY DECIDED UPON, BUT MADE CLEAR

THAT AGREEMENTS WITH PRIVATE FIRMS WHICH ARE NOT "JOINT VENTURE" AGREEMENTS--I.E., WHICH DO NOT ESTABLISH EQUALITY OWNERSHIP BY PRIVATE FOREIGN INVESTORS--ARE A POSSIBILITY. HE MENTIONED MINING, FERTILIZER (SEPTTEL), AND FOREST PRODUCTS AS POSSIBLE AREAS FOR SUCH PRIVATE PARTICIPATION.

4. I INDICATED OUR WILLINGNESS TO HELP PLACE POTENTIAL U.S. "INVESTORS" IN TOUCH WITH GUB AND SPECIFICALLY WITH MINISTRY OF PLANNING AND FINANCE. ALSO TOOK OPPORTUNITY TO SUGGEST GUB CONSIDERATION OF OPIC GUARANTY AGREEMENT AS A SUITABLE LOW-KEY WAY OF PUBLIZING ITS OPENESS TO PROPOSALS BY PRIVATE INVESTORS FOR PARTICIPATION, BUT U LWIN DID NOT COMMENT ON THIS SUBJECT. NOR DID HE HAVE ANYTHING TO SAY ON PROPOSALS FOR ORGANIZING CONSULTATIVE GROUP OF AID DONORS EXCEPT THAT THIS IS UNDER CONSIDERATION ON AN AD HOC BASIS FOR AT LEAST ONE SPECIFIC PROJECT (SEPTTEL).

5. EMBOFF CALLED AUGUST 20 ON U SOE SAING, WHO HAD BEEN PRESENT AT MEETING WITH U LWIN. OBVIOUSLY ON BASIS U LWIN'S COMMENTS AFTER MEETING, SOE SAING SAID HIS MINISTER GREATLY DISAPPOINTED AT USG TURNDOWN. HE REITERATED THAT GUB POLICY IS SLOWLY CHANGING TOWARD MORE RATIONAL ECONOMIC POLICY, AND POINTED OUT THAT OPPONENTS OF THIS CHANGE WILL USE USG UNWILLINGNESS TO HELP AS WEAPONS AGAINST U LWIN AND OTHER PROPONENTS OF CHANGE. EMBOFF REPEATED USG SYMPATHY FOR BURMESE POSITION AND OBSTACLES TO U.S. AID AS CITED REFTTEL, NOTING MORE EXPLICITLY THAN I HAD DONE WITH U LWIN THAT GUB'S PRESENT ECONOMIC PROBLEMS RESULT FROM ITS OWN INEPTITUDE RATHER THAN FROM CAUSES BEYOND ITS CONTROL.

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Message Attributes

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